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U.S. REACHES DEAL WITH COPPER GIANT ASARCO TO SELL ASSETS TO PARENT COMPANY

WASHINGTON, D.C. – The United States has reached an agreement with ASARCO, one of the world's major producers of copper and other metals, that will provide for an environmental trust fund for environmental remediation efforts, the Justice Department and the Environmental Protection Agency announced today. As a result of the agreement, the Department has lodged a consent decree with the U.S. District Court in Phoenix, Arizona that will resolve a complaint previously filed seeking an order prohibiting ASARCO from selling its stock holding interest in the Southern Peru Copper Corporation (SPCC) to its parent company, American Mining Corporation (AMC).

The complaint filed by the United States last year alleged that the proposed transfer of SPCC stock was for less than reasonably equivalent value and would render the company unable to meet all of its environmental obligations because of its precarious financial condition. To assure that the transaction would not take place without court review, the United States sought a preliminary injunction and ASARCO subsequently agreed not to transfer the asset until a settlement was reached with the U.S.

The settlement announced today requires AMC to pay approximately \$765 million – more than \$100 million more than had previously been proposed – for ASARCO's stock-ownership interest in SPCC. The settlement creates and funds an independent environmental trust that will be used over the next several years to pay for cleanup of environmental contamination at sites for which ASARCO is responsible. Initial funding of the trust is valued at approximately \$100 million.

"This exceptional settlement will guarantee necessary remediation funds are available to protect human health and the environment," said Kelly A. Johnson, Principal Deputy Assistant Attorney General for the Justice Department's Environment and Natural Resources Division.

"This settlement is fair to all concerned, provides the resources needed to protect the public's health and the environment, and is of significant value to ASARCO," said John Peter Suarez, EPA's Assistant Administrator for Enforcement and Compliance Assurance. "This settlement will ensure that important environmental cleanup will occur."

The agreement also relieves ASARCO of paying EPA about \$4.5 million in past cleanup costs, forgives certain past uncollected penalty claims, and caps ASARCO's cleanup responsibilities for three years, during which time much of ASARCO's environmental cleanup work will be funded by the trust. Significantly, the environmental trust is guaranteed by the parent corporation of ASARCO, Grupo

Mexico S.A. de C.V. of Mexico City to assure the cleanup will occur. All other ASARCO liabilities to the federal government, and all existing or future liabilities to state or tribal governments, are not affected by this agreement.

The consent decree was lodged in federal court in Phoenix, Arizona.

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